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PUBLIC SERVICE
COMMISSION
YEAR 2009

ANNUAL REPORT

OF THE

NAME: MOUNTAIN WATER COMPANY

LOCATION: 1345 W. BROADWAY, MISSOULA, MONTANA 59802

PRIVATE WATER UTILITY

TO THE

PUBLIC SERVICE COMMISSION

OF MONTANA

FOR THE YEAR ENDING DECEMBER 31, 2009

GENERAL INSTRUCTIONS

1. Prepare this report in conformity with the 1984 National Association of Utility Regulatory Commissioners Uniform System of Accounts for Water Utilities.
2. Interpret all accounting words or phrases in accordance with the USOA.
3. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
4. For any question, section or page which is not applicable to the respondent, enter the words "Not Applicable" or "N/A." Do not omit any pages.
5. Where dates are called for, the month and day should be stated as well as the year.
6. Complete this report by means which result in a permanent record.
7. If there is not enough room on any schedule, an additional page or pages may be added, provided the format of the added schedule matches the format of the schedule with not enough room. Such a schedule should reference the appropriate schedule, state the name of the utility, and state the year of the report.
8. This report should be filled out in duplicate and one copy returned within 2½ months after the close of the reporting period. The report should be returned to:

Montana Public Service Commission
Utility Division
2701 Prospect Avenue
Helena, Montana 59620

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REPORT OF

MOUNTAIN WATER COMPANY

(Exact Name of Utility)

1345 W. BROADWAY <i>(Address)</i>	MISSOULA, MONTANA 59802 <i>(City, State, Zip Code)</i>
For Year Ended: _____	DECEMBER 31, 2009
Date Utility First Organized: _____	APRIL 19, 1961
Telephone Number: _____	(406) 721-5570
Location where books and records are located: _____	SAME AS ABOVE

		Contacts:	
Name	Title	Principal Business Address	Salary
Person to send correspondence: ARVID HILLER	VICE PRESIDENT AND GENERAL MANAGER	1345 W. BROADWAY MISSOULA, MT 59802	XXXXXXXX
Person who prepared this report: LAWRENCE G. LEE	DIRECTOR OF ACCOUNTING PARK WATER COMPANY	9750 WASHBURN ROAD P.O. BOX 7002 DOWNEY, CA 90241-7002	XXXXXXXX
Officers & Managers: HENRY H. WHEELER, JR.	PRESIDENT	9750 WASHBURN ROAD P.O. BOX 7002 DOWNEY, CA 90241-7002	Note A
NYRI A. WHEELER-LEWIS	SECRETARY	SAME AS ABOVE	Note A
LEIGH K. JORDAN	EXECUTIVE VICE PRESIDENT	SAME AS ABOVE	Note A
ARVID HILLER	VICE PRESIDENT & GENERAL MANAGER	1345 W. BROADWAY MISSOULA, MT 59802	Note A
JOHN KAPPES	ASST VICE PRESIDENT & ASST GM	1345 W. BROADWAY MISSOULA, MT 59802	Note A

Report every corporation or person owning interest or holding directly or indirectly 5 percent or more of the voting securities of the reporting utility:

Name	Percent Ownership in Utility	Principal Business Address	Salary Charged Utility
PARK WATER COMPANY	100%	9750 WASHBURN ROAD, P.O. BOX 7002 DOWNEY, CA. 90241-7002	\$ N/A
			\$
			\$

Note A : Confidential Salary Information

INCOME STATEMENT

Account Name	Current Year	Previous Year
GROSS REVENUE:		
Metered		
Residential	6,577,997	5,549,609
Commercial	4,234,303	3,808,249
Industrial	0	0
Other	1,835,126	1,516,815
Unmetered		
Residential	2,807,870	2,684,277
Commercial	181,635	171,641
Industrial	0	0
Fire Protection	187,472	250,342
Bulk Sales	0	0
Sale of Materials	0	0
Other	806,527	647,145
TOTAL GROSS REVENUE	16,630,930	14,628,078
Operation and Maintenance Expense	9,773,522	9,474,822
Depreciation Expense	2,106,631	1,976,352
Taxes Other Than Income	1,238,682	1,160,102
Income Taxes (A)	1,633,098	1,194,207
Deferred Federal Income Taxes	0	0
Amortized - Intangible Plant	40,258	40,258
Deferred State Income Taxes	0	0
TOTAL OPERATING EXPENSE	14,792,191	13,845,741
NET OPERATING INCOME (LOSS)	1,838,739	782,337
Other Income:		
Investment Tax Credits	0	0
Non-Operating Income	0	0
Interest Income	426,677	575,940
Allow. Funds Used - Construct.	12,947	13,422
Other Deductions:		
Non-Utility Expenses	578	578
Interest Expense	6,963	37,672
Miscellaneous Deductions	34,092	83,213
NET INCOME (LOSS)	2,236,730	1,250,236

(A) Excludes \$19,221 of non-utility income tax benefit.

COMPARATIVE BALANCE SHEET

ACCOUNT NAME	CURRENT YEAR	PREVIOUS YEAR
Assets:		
Utility Plant in Service (A), (B)	84,920,825	82,250,199
Accumulated Depreciation and Amortization	(23,541,683)	(21,622,041)
Net Utility Plant	61,379,142	60,628,158
Cash	93,660	71,559
Customer Account Receivable	845,856	737,987
Other Assets (Specify)-		
Non-Utility Property		
Less Acc. Depreciation		
Utility Plant Acquisition Adjustment	279,035	316,775
Land Held For Future Use	456,157	443,788
Materials and Supplies	428,326	410,605
Misc. & Prepaids (B)	619,522	658,288
Misc. Deferred Debits	19,717	19,035
Deferred Employee Benefits	255,927	274,515
Regulatory Accounts	4,454,111	3,728,962
Open Accounts	(1,659,051)	(2,519,301)
Total Assets	67,172,402	64,770,371
Liabilities and Capital:		
Common Stock Issued	6,940,578	6,940,578
Preferred Stock Issued		
Other Paid in Capital	2,008,000	2,008,000
Retained Earnings	25,899,967	23,663,237
Proprietary Capital		
Total Capital	34,848,545	32,611,815
Long Term Debt		
Accounts Payable	368,400	622,676
Notes Payable	0	850,000
Customer Deposits	1,327	1,254
Accrued Taxes	463,545	420,925
Other Liabilities (Specify)		
Interest Accrued		
Misc. Liabilities	592,014	590,674
Deferred Credits	3,262,491	2,829,123
Deferred Income Tax & ITC	7,901,882	7,143,193
Advances for Construction	17,647,898	17,562,506
Contributions in Aid of Construction	2,086,300	2,138,205
Total Liabilities and Capital	67,172,402	64,770,371

(A) Includes \$431,040 and \$389,963 of Construction in Progress for 2009 and 2008 respectively.

(B) Balance excludes Intangible Plant which is included in Miscellaneous and Prepaid category in the amount of \$30,535 and \$33,053 for 2009 and 2008 respectively.

ACCUMULATED DEPRECIATION AND AMORTIZATION OF UTILITY PLANT

ACCOUNT 108	CURRENT YEAR	PREVIOUS YEAR
Balance First of Year	21,622,041	19,858,195
Credits During Year:		
Accruals Charged to Depreciation Account	2,106,630	1,976,352
Salvage	4,083	7,316
Other Credits - Contributions	53,449	50,767
Other Credits-Corrections to accounts	102	
Clearing Accounts	78,451	75,861
Total Credits	2,242,715	2,110,296
Debits During Year:		
Book Cost of Plant Retired	264,638	320,785
Cost of Removal	(173)	25,665
Other Debits (Specify)-Corrections to accounts	58,608	0
Total Debits	323,073	346,450
Balance End of Year	23,541,683	21,622,041

CONTRIBUTIONS IN AID OF CONSTRUCTION

Report below all contractor and developer agreements and line extension agreements from which cash or property was received during the year.	Indicate "Cash" or "Property"	Amount
3109CP01 - Beckwith/Higgins DFH reloc	Cash	\$ 1,728
Total During Year		\$ 1,728

ACCUMULATED DEFERRED INCOME TAXES

Description	
Accumulated Deferred Income Taxes:	\$ 7,901,882
Total Accumulated Deferred Income Taxes	\$ 7,901,882

CAPITAL STOCK

	Common Stock	Preferred Stock
Par or stated value per share	No Par Value	N/A
Shares issued and outstanding	50,000	
Total par value of stock issued	6,940,578	
Dividends declared per share for year		

RETAINED EARNINGS

	Appropriated	Unappropriated
Balance first of year		23,663,237
Changes during year (Specify):		
2009 Net Income		2,236,730
Balance end of year		25,899,967

PROPRIETARY CAPITAL

	Proprietor or Partner	Partner
Balance first of year		
Changes during year (Specify):		
NOT APPLICABLE		
Balance end of year		

LONG TERM DEBT

Description of Obligation	Interest		Principal Per Balance Sheet Date
	Rate	Pymts	
NONE			
Total	N/A	0	0

WATER UTILITY PLANT ACCOUNTS

Acct. No.	Account Name	Previous Year	Additions	Retirements	Current Year
301	Organization	0			0
302	Franchises	0			0
303	Land and Land Rights	1,153,408	572	1,063	1,152,917
304	Structures and Improvements	4,815,477	445,549	5,217	5,255,808
305	Collecting and Impounding Reservoirs	399,905	30,080		429,985
306	Lake, River and Other Intakes	0			0
307	Wells and Springs	336,323	(205)		336,119
308	Infiltration Galleries and Tunnels	0			0
309	Supply Mains	337,436			337,436
310	Power Generation Equipment	1,005,507			1,005,507
311	Pumping Equipment	3,342,784	503,700	7,622	3,838,863
320	Water Treatment Equipment	274,438	4,333	12,801	265,970
330	Distribution Reservoirs and Standpipes	5,331,637	31,990		5,363,627
331	Transmission and Distribution Mains	49,213,118	1,131,079	(36,364)	50,380,561
333	Services	188,575			188,575
334	Meters and Meter Installations	5,634,246	451,106	151,581	5,933,771
335	Hydrants	4,280,445	191,349	6,285	4,465,509
339	Other Plant and Miscellaneous Equipment	0			0
340	Office Furniture and Equipment	210,387	3,688	2,433	211,642
341	Transportation Equipment	915,531	1,402	350	916,583
342	Stores Equipment	0			0
343	Tools, Shop and Garage Equipment	365,328	16,532	196	381,664
344	Laboratory Equipment	13,398			13,398
345	Power Operated Equipment	18,542			18,542
346	Communication Equipment	386,324	36,348	4,419	418,253
347	Miscellaneous Equipment	3,637,426	46,648	109,019	3,575,055
348	Other Tangible Plant	0			0
	Construction Work in Progress	389,963	431,040	389,963	431,040
	TOTAL WATER PLANT	82,250,199	3,325,211	654,585	84,920,825

ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT

ACCT. NO.	ACCOUNT	AVERAGE SERVICE LIFE IN YEARS	AVERAGE SALVAGE IN PERCENT	DEPR. RATE APPLIED	ACCUMULATED DEPRECIATION BALANCE PREVIOUS YEARS	DEBITS	CREDITS	ACCUMULATED DEPRECIATED BALANCE - END OF YEAR
303	Land and Land Rights				36,920	1,063	346	36,203
304	Structures & Improvements	Varies	Varies	Varies	2,001,040	5,217	109,038	2,104,861
305	Collecting & Impounding Reservoirs	50	5.0%	1.58%	242,175		6,599	248,774
306	Lake, River & Other Intakes				0			0
307	Wells & Springs	40	-5.0%	2.30%	186,183		7,871	194,054
308	Infiltrations Galleries & Tunnels				0			0
309	Supply Mains	50	-5.0%	2.56%	178,898		8,402	187,300
310	Power Generating Equipment	25	0.0%	4.21%	283,728		41,729	325,457
311	Pumping Equipment	25	Varies	Varies	1,565,541	7,707	116,559	1,674,393
320	Water Treatment Equipment	20	0.0%	4.69%	127,248	12,801	12,459	126,906
330	Distribution Reservoirs & Standpipes	40	0.0%	2.44%	1,653,118		128,743	1,781,861
331	Trans. & Dist. Mains	50	0.0%	1.95%	10,341,769	22,360	949,101	11,268,510
333	Services	40	0.0%	2.75%	50,764		5,097	55,861
334	Meter & Meter Installation	30	Varies	Varies	817,437	151,410	199,245	865,272
335	Hydrants	40	Varies	Varies	861,683	6,098	115,662	971,248
339	Other Plant & Misc. Equipment				0			0
340	Office Furniture and Equipment	15	10.0%	4.38%	135,856	2,433	9,425	142,849
341	Transportation Equipment	10	10.0%	6.61%	580,016	350	60,608	640,274
342	Stores Equipment				0			0
343	Tools, Shop & Garage Equipment	20	5.0%	4.82%	155,344	196	17,682	172,830
344	Laboratory Equipment	10	0.0%	2.55%	11,776		385	12,161
345	Power Operated Equipment	20	5.0%	0.93%	17,142		161	17,303
346	Communication Equipment	10	0.0%	11.46%	191,213	4,419	42,303	229,097
347	Miscellaneous Equipment	6	5.0%	11.46%	2,184,190	109,019	409,931	2,485,102
348	Other Tangible Plant				0		1,368	1,368
	Totals				21,622,041	323,073	2,242,715	23,541,683

WATER OPERATION AND MAINTENANCE EXPENSE

ACCOUNT NAME	AMOUNT
Salaries and Wages - Employees	2,983,549
Employee Pensions and Benefits	957,051
Purchased Water	0
Purchased Power	1,230,379
Fuel for Power Production	0
Chemicals	81,059
Materials and Supplies (A)	61,165
Contractual Services	3,226,003
Rent	1,200
Transportation Expense	205,001
Insurance Expense	560,344
Regulatory Commission Expense	76,088
Bad Debt Expense	41,997
Miscellaneous Expense	349,686
TOTAL	9,773,522

(A) Includes \$(145,400) Administrative Expense Transferred.

PAYMENTS FOR SERVICES RENDERED BY OTHER THAN EMPLOYEES

Report all information concerning rate, management, construction, advertising, labor relations, public relations, or other similar services rendered the respondent for which the aggregate payments during the year to any corporation, partnership, individual or organization of any kind whatever, amounting to \$500. or more. Utilities having revenue in excess of \$100,000 should report amounts of \$5,000 or more.

Name of Recipient	Amount	Description of Service
SEE PAGE 10		

NAME OF RECIPIENT	AMOUNT	DESCRIPTION OF DATA
4G's Plumbing & Heating	32,011.45	Plumbing/mechanical services
Abatement Contractors of Montana, LLC	5,834.91	Abatement services
ADP	13,744.62	Payroll service
Advertiser Printing	9,985.80	Printing service
AWWA Research Foundation	10,090.00	Subscription to research
Bank of America	9,388.70	Service charge
Bitterroot Motors	6,902.38	Service/repair vehicle fleet
Bitterroot Welding & Hydraulics	16,973.00	Welding & hydraulic services
Blackfoot Communications	18,436.13	Telemetry/phone line/internet services
Camp Well Drilling	18,599.89	Drilling & mechanical services
CBM Collections, Inc	8,583.75	Collection fees
CompuNet, Inc	10,477.86	Cisco phone Services
DJ & A	18,357.57	Engineering Services
Energy Labs, Inc.	35,853.75	Water testing
Embe Contracting, Inc.	55,707.99	Excavation work
ESRI, Inc.	9,700.00	Maint agreement-software GIS
Express Personnel Services	8,048.19	Temp employee services
Garlington, Lohn & Robinson	47,186.91	Legal fees
GE Fanuc Automation	7,324.46	SCADA maintenance contract
HDR Engineering, Inc	16,941.19	Engineering services/rate case study
Hughes, Kellner, Sullivan & Alke	31,712.81	Legal fees
Hydrometrics	18,208.83	Engineering services
Johnson Controls	12,597.62	Service work
K & N Electric Motors, Inc.	21,809.55	Service pump/motors
Karl Tyler Chevrolet	7,203.64	Service/repair vehicle fleet
Knife River	98,888.55	Excavation work
Kohlers Sprinkler and Backflow	7,031.27	Sprinkler repair/irrigation
Les Schwab Tire Center	6,111.94	Service/repair vehicle fleet
LS Jensen & Sons, Inc.	57,351.35	Excavation work
Minuteman Aviation	14,850.00	Helicopter services
Miller Law Office, PLLC	51,649.43	Legal fees
Missoula City/County Health Dept.	18,667.00	Water testing
Missoula Textiles	20,865.28	Laundry service
Morrison Maierle, Inc	18,146.81	Engineering services
Montana Conservation Corps	32,000.00	Dam repair & maintenance
Nature's Best	54,605.50	Lawn/site maintenance
Navtrak	13,158.96	Vehicle tracking system
NiTel, Inc	9,856.56	T-1 Line
NW Hydro Tech Inc	37,185.00	Valve Maintenance
Paulson Electric	97,227.05	Electrical repairs
PBS&J	79,731.37	Engineering services
Peasley, Aldinger & O'Bymachow	67,084.31	Audit fees
Platinum Graphics	40,192.63	Mailing service
Poteet Construction, Inc.	24,048.50	Signage service

Continued - next page

NAME OF RECIPIENT	AMOUNT	DESCRIPTION OF DATA
Power Engineers	32,179.03	Engineering services
Professional Consulting, Inc.	60,993.12	Engineering services
Quality Maintenance Enterprises	16,055.95	Janitorial services
Salt Studio	15,215.70	Advertising services
SC Wrights Insurance	452,619.00	Commercial insurance
Securitas Security Service	15,666.36	Alarm/security service
SICC	78,773.57	Painting services
Spatial Wave	5,220.00	Field Mapplet Maintenance Agreement
Sprint	20,375.27	Computer data link line
Storage Solutions LLC	5,839.10	Off site storage
Territorial-Landworks Inc	56,535.75	Engineering Services
The Waterman	40,140.00	Contracted locates/water service
University of Montana	14,283.78	Pharmaceutical Study
US Bank	19,516.44	Service charge
Utilities Underground Location Center	14,352.49	Location requests
Verizon Wireless	27,365.93	Cell phone service
Western Excavating	152,722.34	Excavation work
Western States Equipment Co.	101,409.70	Service generators
WGM Group	48,365.67	Engineering services
Total	2,377,962	

SOURCES OF WATER SUPPLY

Surface Water: River = 0 Lake = 8 Stream = 1 Impounding Res. = 1
 Ground Water: Springs No. = 0 Shallow Wells No. = 36 Deep Wells No. = 1

SUPPLY, TRANSMISSION & DISTRIBUTION MAINS (FEET)

Size Inches	First of Year	Laid During Year	Total	Abandoned During Year	Taken Up During Year	Total	Close of Year
4" or less							
6							
8							
10	PLEASE SEE PAGE 11A						
20							
TOTAL			0	0	0		

RESERVOIRS, STANDPIPES AND PURIFICATION SYSTEM

Number of Reservoirs	<u>12</u>	Capacity in Gallons	<u>8,358,800</u>
Number of Standpipes	<u>12</u>	Capacity in Gallons	<u>1,675,000</u>

Method of Purification: Chlorination

SERVICES AND METERS

Services										
1/2 in.	5/8 in.	3/4 in.	1 in.	1 1/2 in.	2 in.	3 in.	4 in.	6 in.	8 in.	10 in.
0	<u>14,954</u>	<u>249</u>	<u>5,867</u>	<u>232</u>	<u>437</u>	<u>32</u>	<u>229</u>	<u>114</u>	<u>40</u>	<u>1</u>
Meters										
	<u>15,000</u>	<u>782</u>	<u>977</u>	<u>334</u>	<u>357</u>	<u>63</u>	<u>28</u>	<u>7</u>	<u>3</u>	<u>0</u>

NUMBER AND CLASSIFICATION OF CONSUMERS

Classification	Beginning of the year			Close of the year			Increase or (Decrease)
	Metered	Unmetered	Total	Metered	Unmetered	Total	
Residential	13,256	5,211	18,467	13,607	5,030	18,637	170
Commercial	3,225	142	3,367	3,287	130	3,417	50
Industrial	1		1	1	0	1	0
Fire Hydrants	0	0	0	0	0	0	0
Governmental	65	40	105	65	40	105	0
All Other	572	504	1,076	591	588	1,179	103
Total	17,119	5,897	23,016	17,551	5,788	23,339	323

TOTAL PUMPING STATION STATISTICS

Total Amount of Water Obtained by all methods during the Year	<u>8,868,897,474</u>	gals. estimate
Maximum Water obtained all methods during any one day	<u>43,496,817</u>	gals. estimate
Minimum Amount of Water obtained all methods during one day	<u>14,717,718</u>	gals. estimate
Total Amount of Water passed through customers meters during year	<u>3,526,529,994</u>	gals.

Range of ordinary pressure on mains: 45 lbs. to 200 lbs.
 Range of fire pressure in mains: 45 lbs. to 170 lbs.

SUPPLY, TRANSMISSION & DISTRIBUTION MAINS (FEET)

Size Inches	First of Year	Laid During Year	Total	Abandoned During Year	Taken Up During Year	Total	Close of Year
30"Wood							
30"Steel	16,489		16,489			0	16,489
1"	251		251			0	251
1-1/2"	70		70			0	70
2"	44,179	6	44,185			0	44,185
3"	3,059		3,059			0	3,059
4"	28,451		28,451			0	28,451
5"	498		498			0	498
6"	731,396	39	731,435	1,246		1,246	730,189
8"	379,437	6,138	385,575	22		22	385,553
10"	164,466	70	164,536		218	218	164,318
12"	141,145	1,398	142,543			0	142,543
14"	21,133		21,133			0	21,133
16"	48,364	145	48,509			0	48,509
18"	720		720			0	720
20"	31,066		31,066		5	5	31,061
24"	53,610		53,610			0	53,610
30"	831		831			0	831
36"	925		925			0	925
TOTAL	1,666,090	7,796	1,673,886	1,268	223	1,491	1,672,395

STATE OF MONTANA)
County of Missoula)

We, the undersigned, on our oath do severally say that the foregoing return of the Mountain Water Company water utility has been prepared under our direction from the original books, paper and records of said utility and declare the same to be a full, true and correct statement embracing all the financial transactions of said utility during the period for which the return is made.



Arvid Hiller, Vice Pres. & Gen. Manager

Subscribed and sworn to before me this 29 day of April, 2010.



